

Message Text

UNCLASSIFIED

PAGE 01 SANTO 02269 041810Z

53

ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 SP-03 AID-20 NSC-07 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 L-03 H-03

INT-08 TAR-02 CIAE-00 FRB-02 INR-10 NSAE-00 XMB-07

OPIC-12 LAB-06 SIL-01 DRC-01 /147 W

----- 012691

P 041527Z JUN 74

FM AMEMBASSY SANTO DOMINGO

TO SECSTATE WASHDC PRIORITY 0623

USDOC WASHDC PRIORITY

UNCLAS SANTO DOMINGO 2269

E.O. 11652: N/A

TAGS: EIND, ETRD, DR

SUBJECT: FERROUS SCRAP: REQUEST FOR INCREASE OF QUOTA

REF: A. SD 5234 DECEMBER 28, 1973

B. STATE 243979 DECEMBER 14, 1973

C. SD 4759 NOVEMBER 21, 1973

D. SD 4455 OCTOBER 31, 1973

E. SD 4380 OCTOBER 25, 1973

F. SD 3208 AUGUST 8, 1973

G. SIMMS/SKOL TELECON APRIL 3, 1974

1. EMBASSY HAS RECEIVED A FOREIGN OFFICE NOTE, DATED MAY 28, REQUESTING USG APPROVAL OF AN QUOTE ALLOCATION OF A 30,000 TONS SCRAP IRON QUOTA FOR THE COMPLEJO METALURGICO DOMINICANO, C. POR A. (METALDOM) TO COVER ITS NEEDS FOR THIS YEAR. UNQUOTE

2. FOLLOWING IS AN EMBASSY TRANSLATION OF THE MEMORANDUM WHICH ACCOMPANIED THE NOTE:

QUOTE: IN THE UNITED STATES OF AMERICA THERE IS A BAN ON THE EXPORTATION OF SCRAP IRON. IT IS BASICALLY THE ONLY UNCLASSIFIED

UNCLASSIFIED

PAGE 02 SANTO 02269 041810Z

COUNTRY EXPORTING THIS RAW MATERIAL.

COMPLEJO METALURGICO DOMINICANO, C. POR A., (METALDOM),
ACTING WITH GREAT FORESIGHT IN VIEW OF THE WORLD STEEL
CRISIS (WHICH HAS CREATED GREAT DIFFICULTIES IN IMPORTING
STEEL BARS AT VERY HIGH PRICES) HAS INSTALLED A CONTINUOUS
POURING MACHINE AND A THIRD CASTING IRON FURNACE, WHICH
PUTS THE COMPANY IN A POSITION TO MEET THE INCREASING LOCAL
DEMAND FOR STEEL CONSTRUCTION BARS.

IT IS ONLY LOGICAL THAT IF THESE FACILITIES ARE TO OPERATE
ADEQUATELY, THEY NEED A NECESSARY SUPPLY OF SCRAP IRON, WHICH
IS IMPOSSIBLE TO OBTAIN FROM LOCAL SOURCES WHICH ARE ABLE
TO SUPPLY ONLY ONE FIFTH OF THE INDUSTRY'S NEEDS.
THE POLICY OF THE UNITED STATES GOVERNMENT ON THIS MATTER,
HAS BEEN THAT OF ASSIGNING QUOTAS TO DIFFERENT FRIENDLY
COUNTRIES TO PERMIT MONTHLY SHIPMENTS OF THE NECESSARY
QUANTITIES, BUT BASING THIS QUOTA ON THE HISTORICAL IMPORTS
OF EACH COUNTRY.

METALDOM WAS NOT A HIBITUAL IMPORTER OF SCRAP IRON, SINCE
ITS PRODUCTION OF STEEL BARS FOR THE FIRST FEW YEARS WAS
SMALL AND THE LOCAL SUPPLY WAS SUFFICIENT. SUBSEQUENTLY,
A SHARP INCREASE IN THE DEMAND FOR CONSTRUCTION STEEL BARS FORCED
THIS INDUSTRY TO INCREASE ITS PRODUCTION THROUGH THE PURCHASE OF
A NEW FURNACE.

THESE TWO FACTORS (INCREASED DEMAND AND ENLARGEMENT OF THE PLANT)
HAVE PUT THIS INDUSTRY IN A POSITION TO FULLY SUPPLY THE LOCAL
MARKET AS LONG AS THE NECESSARY RAW MATERIAL IS AVAILABLE (SCRAP
IRON).

METALDOM HAS NOW HAD TO CANCEL ONE OF ITS WORKING SHIFTS DUE
TO THE SHORT SUPPLY OF SCRAP AND AT TIMES HAS HAD TO SUSPEND
WORK FOR SEVERAL DAYS FOR THE SAME REASON.

THIS SITUATION NOT ONLY THREATENS THE OPERATION OF THIS
INDUSTRY, WHICH EMPLOYS APPROXIMATELY EIGHT HUNDRED PERSONS
(INCLUDING WORKERS AND EMPLOYEES) BUT ALSO THE CONSTRUCTION
INDUSTRY WHICH IS ONE OF THE MAIN SOURCES OF EMPLOYMENT IN THIS
COUNTRY.

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 SANTO 02269 041810Z

LIKEWISE, THE LOCAL PRODUCTION OF STEEL BARS FOR CONSTRUCTION
REPRESENTS A CONSIDERABLE SAVING OF DOLLARS, SINCE IT SUBSTITUTES
THE CUSTOMARY AND INCREASING IMPORTS OF THIS PRODUCT.
COMPLEJO METALURGICO DOMINICANO, C. POR A., (METALDOM) HAS
TRIED TO OBTAIN AN EXPORT LICENSE OR QUOTA THROUGH THE
DEPARTMENT OF COMMERCE AND THE EMBASSY OF THE UNITED STATES
AND HAS BEEN INFORMED BY BOTH THAT THIS OBJECTIVE CAN BE

ACHIEVED ONLY BY A GOVERNMENT TO GOVERNMENT REQUEST. UNQUOTE

3. BACKGROUND OF THE METALDOM CASE WILL BE FOUND IN
REFERENCES. THE EMBASSY CONTINUES TO HOPE THAT EVERY POSSIBLE
CONSIDERATION WILL BE GIVEN TO THIS REQUEST.
HURWITCH

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: METAL INDUSTRY, EXPORT QUOTAS, FERROUS SCRAP
Control Number: n/a
Copy: SINGLE
Draft Date: 04 JUN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974SANTO02269
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740141-0738
From: SANTO DOMINGO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740676/aaaacnzs.tel
Line Count: 121
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: A. SD 5234 DECEMBER 28, 1973
Review Action: RELEASED, APPROVED
Review Authority: martinjw
Review Comment: n/a
Review Content Flags:
Review Date: 21 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21 AUG 2002 by PhilliR0>; APPROVED <08 JAN 2003 by martinjw>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FERROUS SCRAP: REQUEST FOR INCREASE OF QUOTA
TAGS: EIND, ETRD, DR, US, METALDOM
To: STATE COM
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005